

LOGIC: Scotland



Q3 2025

Occupier and investment market trends in
the Scotland logistics and industrial sector.

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Occupier Market

Resilient demand in a market defined by stock scarcity

TAKE UP AHEAD OF LAST YEAR DESPITE SUBDUED Q3

Following a strong first half of 2025, when industrial occupier activity in Scotland reached just over 1.2 million sq ft, take up in Q3 was subdued with just one deal completing. A 66,183 sq ft unit on Clydeholm Road in Glasgow was purchased by an undisclosed occupier on a freehold basis.

Despite the quieter quarter, overall performance remains well ahead of last year, with year-to-date (YTD) 2025 volumes of 1.3 million sq ft representing a 56% increase on the same period in 2024.

With a further 242,000 sq ft of space under offer at the end of September, this places the Scotland market in a strong position to reach last year's total (1.6 million sq ft) and exceed the five-year annual average (1.5 million sq ft).

TRANSACTIONS DOMINATED BY SECOND-HAND SPACE

The majority of units transacted so far this year have been second-hand, with the critical scarcity of new-build stock leaving occupiers with limited alternatives. The only two

developments constructed this year, both at Westway Business Park in Renfrew, were pre-let ahead of practical completion.

Encouragingly, there are now a number of new developments in the planning pipeline which, if progressed, should help to ease supply constraints and introduce much-needed modern stock to the market over the next 12–36 months.

MANUFACTURERS CONTINUE TO DRIVE DEMAND

Manufacturers remain the primary driver of demand across Scotland, accounting for over three-quarters of the total space transacted in the four quarters to Q3 2025, up from 36% in the same period last year. Distribution firms account for a further 21%, while retailers have been visibly absent from the market this year.

MARKET VIEW

Lack of development is driving second-hand rental growth

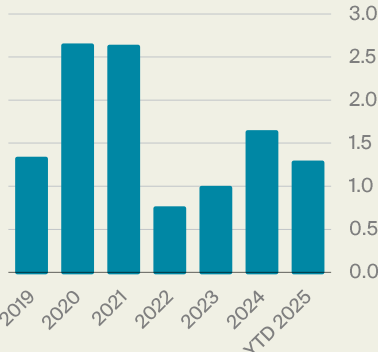


BY SCOTT HOGAN, PARTNER, CENTRAL SCOTLAND LOGISTICS & INDUSTRIAL AGENCY

“Q3 has seen further new developments proposed in response to the continued demand vs supply imbalance across the central belt of Scotland, with positive advances on both the east and west sides of the M8.

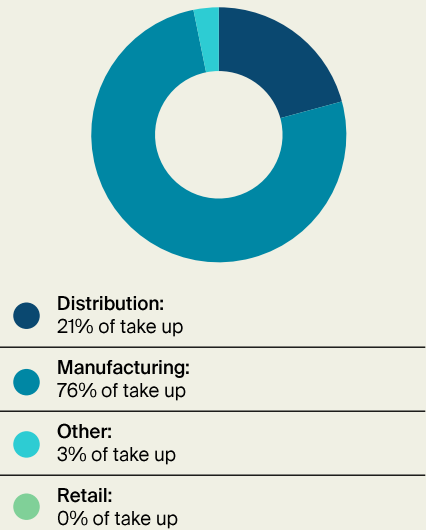
The relative lack of new development is continuing to drive second-hand rental growth; rental rates close to double digits for second-generation stock are now common.”

Take up (sq ft)
million square feet



Source: Knight Frank Insight

Take up by sector
Q4 2024 – Q3 2025



Source: Knight Frank Insight

Occupier Market

1.3m sq ft

Occupier take up
YTD 2025

4.6%

Vacancy rate
Q3 2025

£10.75 psf

Prime rents (Glasgow)
Q3 2025

7.5%

Prime annual rental growth

“YTD 2025 volumes of 1.3 million sq ft represent a 56% increase on the same period in 2024”

LOWEST VACANCY RATE AMONG UK REGIONAL MARKETS

Supply levels of units over 50,000 sq ft have fallen for the second consecutive quarter, by 6.4% in Q3 to just under 3.0 million sq ft. The vacancy rate, therefore, contracted by 30 basis points in the quarter to 4.6%, representing its lowest level in 2.5 years and the lowest vacancy rate across all UK regional markets.

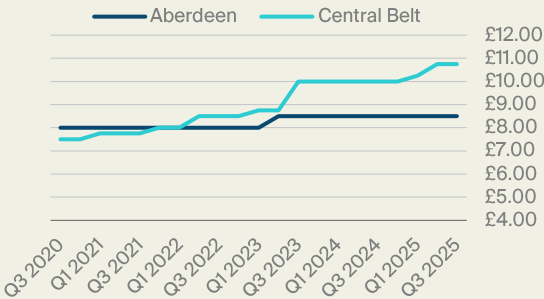
The quarterly decline in supply was driven entirely by the absorption of second-hand buildings, while new-build availability remains unchanged and critically low, with only one prime unit currently available. Speculative development has effectively stalled, underscoring the ongoing mismatch between modern occupier requirements and the limited stock available, at least for the short term.

RENTAL LEVELS & OUTLOOK

Prime rents in the Central Belt remained unchanged in Q3, at £10.75 psf (units 50,000 sq ft+); however, they are 7.5% higher year-on-year. Forecasts by Knight Frank Insight show average rental growth of 2.3% in Scotland for 2025, with 2.2% and 2.1% predicted for Edinburgh and Glasgow, respectively, and a slightly stronger rate of 2.5% for Aberdeen.

Scotland - Prime Rents

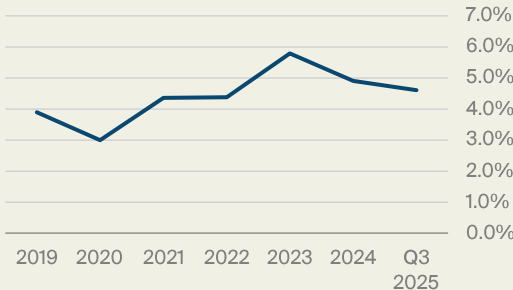
£ per sq ft



Source: Knight Frank Insight

Vacancy Rate

% of stock



Source: Knight Frank Insight

“Speculative development has effectively stalled”

Key Occupier Deals YTD 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Westway 200, Westway Business Park, Renfrew, by Glasgow Airport	202,230	Undisclosed	Confidential	Built speculatively and pre-let ahead of PC
5 Brittain Way, Eurocentral, Motherwell	92,930	Romac Logistics	£8.75 psf	Second-hand
Westway 90, Westway Business Park, Renfrew, by Glasgow Airport	88,017	Pulpex	Confidential	Built speculatively and pre-let ahead of PC
1 Grayhill Road, Cumbernauld	77,480	AIT World Logistics	£8.50 psf	Second-hand
Unit 2, Newbridge Industrial Estate, Newbridge	50,000	Kloeckner Metals UK	£9.50 psf	Second-hand refurbishment

Source: Knight Frank Insight

Investment Market

5.75%

Prime NIY – Central Belt
Q3 2025

Stable

YoY movement in prime yields

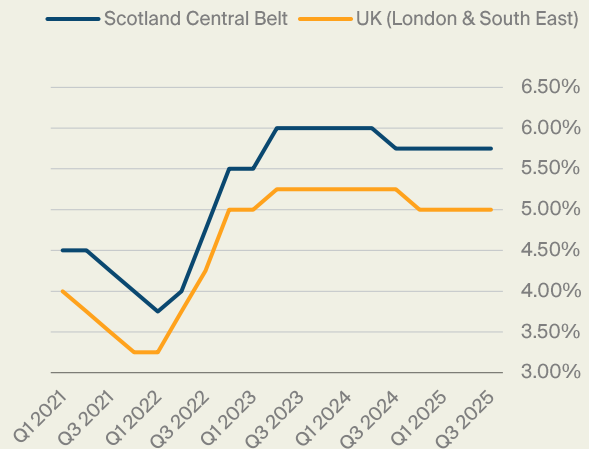
DEMAND OUTWEIGHS OPPORTUNITIES

Capital targeting the Scottish industrial and logistics sector remains considerable, with demand outweighing available opportunities, particularly at the prime end. While investment in Q3 ended on a positive note – the strongest quarter in 2025 so far - volumes were boosted by units transacting as part of wider cross-regional portfolios.

Q3 saw Columbia Threadneedle acquire Queen Anne Park in Newbridge, Edinburgh, from Eskmuir Properties for £6.21 million, representing a net initial yield of 6.07%. The 52,000 sq ft multi-let estate, much of which has been refurbished, has an attractive WAULT of 5.65 years to expiry with significant reversionary potential on the rents.

Prime industrial yields in the Central Belt have remained stable over the past 12 months, at 5.75%, having compressed by 25bps in Q3 2024.

Prime Yields
Net initial yield (%)



Source: Knight Frank Insight

MARKET VIEW

So far in 2025, stock availability has been the issue



BY EUAN KELLY, PARTNER,
CENTRAL SCOTLAND LOGISTICS &
INDUSTRIAL CAPITAL MARKETS

“There is significant weight of capital focused on acquiring assets in the industrial and logistics sector across all lot sizes in Scotland. So far in 2025, stock availability has been the issue, and as we enter Q4, there are signs that there will be more stock transacting. With vendors not necessarily wanting to openly market, we foresee a higher prevalence of off-market transactions as we have seen in other sectors. Receiving accurate advice is critical.”

We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you

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Methodology

This report has been prepared by Knight Frank Commercial Insight.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.



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